

March 24, 1999

PUBLIC UTILITIES COMMISSION

Investigation of Central Maine Power Company's Stranded Costs, Transmission and Distribution Utility Revenue Requirements, and Rate Design; Docket No. 97-580

RE: CORRECTION To Order Page 155

Dear Interested Persons:

On March 19, 1999, the Commission issued an Order in the above-captioned proceeding. Page 155 of the Order is missing a paragraph. Attached is a **corrected copy of page 155** of the Order.

Sincerely,

Dennis L. Keschl
Administrative Director

cc: Service List

CMP's planning criteria for generation, which consider energy as well as capacity. Even if the station service loads of CMP-owned generating plants did not contribute to its capacity requirements, there is no evidence that these loads did not contribute to energy requirements. Moreover, we agree with CMP that stranded cost responsibility should not be tagged specifically to particular customers based on historic conditions. To do so could lead to outcomes, for instance, whereby new customers would pay no stranded costs. There may be a rationale for such an outcome based on the fact that new customers did not cause CMP to incur any stranded costs. However, we decline to adopt a system with different rates for "new" and "old" customers; all customers should be charged comparably based on their current use of CMP's system.

J. Retaining the Demand Ratchet

The Company has proposed to eliminate the demand ratchet for full requirements customers but retain the ratchet for station service customers. As noted earlier, we find the use of a ratchet to be appropriate for all standby service customers because of the uncertainty of their actual use, and the resulting difficulty of designing an "as-used" rate that will recover the proper revenues. However, we modify the Company's proposed retention of the ratchet as described below and adopt it (as modified) for standby (including station) service.

CMP is proposing to eliminate the demand ratchet for full requirements service. This effectively reduces the billing units of the class. The Company must then apply a higher unit demand charge to the unratched billing demands in order to recover the same revenue. It is internally inconsistent to then use these same unit demand charges to recover revenues from standby service customers using ratchet demands. That would lead to an over recovery of these costs from standby service customers. It will be necessary, then to calculate a separate, ratcheted demand charge for these customers or to develop a factor to apply to the full requirements demand charge. The demand charge for standby service should be equivalent to a charge calculated by dividing the demand-related costs allocated to the core rate class by the estimated ratcheted billing demands for all customers in the class, including the standby service customers.